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Executive Summary

- i. This is the Executive Summary of a report commissioned by OFMDFM with the primary aim of assessing the feasibility of measuring the impact of New Targeting Social Need (TSN) on community differentials. It forms part of a series of research projects on New TSN and its relevance to social need and poverty generally.

Key differentials across policy areas

- ii. Reflecting the New TSN policy as enunciated in *Vision into Practice* and *Making it Work*, key differentials were reviewed across a wide range of policy areas, broadly grouped under the three 'legs' of New TSN:
 - **Unemployment and employability**, including labour markets, educational qualifications, training and adult literacy.
 - **Needs and inequalities in other areas**, focusing principally on education, health, and housing.
 - **Multiple disadvantage**, primarily in relation to the spatial distribution of disadvantage.
- iii. In addition to the three 'legs' of New TSN, the report also considers community differentials in demography, location and income.
- iv. The main conclusion drawn from the foregoing review of community differentials across key policy areas is that the labour market continues to be the primary source of disparities between the two main communities. Working-age Catholics were found to be less likely to be in a job compared to their Protestant counterparts. They were also more likely to be unemployed. Reflecting the above, Catholics are at greater risk of living in lower income households and/or being dependent on benefits for their income.
- v. A second implication is that Catholics are at greater risk of experiencing multiple deprivation. This is evident from a review of both the Borooah index based on community differences in the incidence of 'deprivation-inducing conditions' and the geography of deprivation according to the Robson index.
- vi. Notwithstanding the above, it is also important to reflect that problems of low income and multiple deprivation are not confined to the Catholic community. The available data on adults living in lower-income households suggests that there is an approximate balance between the two communities in the numbers living in such households.
- vii. In the sphere of education, the current situation is broadly one of parity between the two communities on a range of indicators, including levels of qualifications achieved by school-leavers, proportions attending grammar schools, and progression to further and higher education.

- viii. A range of self-reported indicators of health status were reviewed and it was found that, within each of three broad age groups, the incidence of health problems in the adult population was higher for Catholics than for Protestants.
- ix. This primarily reflected the influence of underlying socio-economic disparities between the two communities, especially the strong correlation between income and health status. At overall population level there was parity between the two communities because health status is correlated with age, and the Protestant population share is especially high amongst older persons.
- x. The incidence of poor housing was also found not to vary significantly by religion at least partly because Catholics are disproportionately represented in the social housing sector. The more important predictors are income and household type.
- xi. Overall, in areas such as health, housing and education, community differentials tend to be shaped by the interplay between demographic and social needs factors, and mediated by the scale of public provision. Though they are not the only factors, income or proxies for income (e.g. socio-economic status) or factors related to employment (e.g. numbers of workers in the household) tend to be key predictors of social needs over and above age-sex considerations in these policy areas. This underpins the primary importance attributed to community differentials in labour market outcomes.

Key Trends

- xii. The 1990s saw substantial growth in employment and this has undoubtedly helped to improve the relative position of Catholics on all key labour market indicators without adversely affecting the absolute labour market position of Protestants.
- xiii. The favourable economic conditions of the 1990s were accompanied by a narrowing of the key labour market differentials. This was most noticeable in respect of the percentage points gap in unemployment rates and the employment gap, both of which fell sharply.
- xiv. Though the behaviour from one year to another is rather more erratic, the unemployment differential measured as the ratio of the Catholic unemployment rate to the Protestant rate also appears to have improved during the 1990s, maintaining a steady downward trend apparent since the 1970s. The ratio was 1.8 in 1999, down from 2.1 based on the 1991 Census of Population. The downward trend in the ratio of rates is attributed to a declining level of Catholic disadvantage in the labour market.
- xv. Considering the period 1999-2005, the NIERC have projected a slower rate of employment growth and a levelling off of the regional NI unemployment rate. Based on past trends, such a scenario would likely lead to a levelling off of the unemployment gap and the employment gap.

- xvi. Regarding the prospective future path of the ratio of unemployment rates, the conclusion drawn in this report is that the ratio of rates will continue on a downward trend, albeit at a slow pace.

Expected Impacts

- xvii. Based on a detailed analysis of conceptual and practical issues involved in the implementation of New TSN, and an overview of Departmental New TSN Action Plans, the conclusion drawn is that the initiative can make a positive difference, though this is likely to be relatively modest in the case of the ratio of unemployment rates.
- xviii. The analysis of policy and practice issues emphasises the importance of focusing on target groups. Spatial indicators are useful in targeting resources or effort in the context of New TSN. However, it is more difficult to ensure fair shares in the allocation of resources when reliance is placed on spatial targeting. This is because lower-income or deprived Protestants are less likely to live in deprived areas than are lower-income or deprived Catholics. That is, where resources are allocated on a spatial basis, the risk of ‘missing the target’ is higher for Protestants than for Catholics. A balanced approach is required.

Evaluation Strategy

- xix. The evaluation strategy for New TSN will need to take account of the following factors.
- Community differentials in key policy areas reflect differences in what might be termed ‘upper-level’ indicators, that is, social needs that are themselves subject to an array of external influences.
 - The putative effects of New TSN on upper-level indicators such as unemployment rate differences are likely to be less than the margins of error associated with survey-based indicators.
- xx. The implication is that the evaluation strategy for New TSN will need to deploy a range of methodologies and approaches, based on:
- Analysis of key indicators.
 - *Ad hoc* studies.
 - Synthesis of Departmental evaluations of their New TSN Action Plans.
- xxi. To conclude, the ex-post evaluation of the New TSN impact on community differentials will undoubtedly be a challenging task. It is unlikely to provide a precise quantitative assessment for any one ‘leg’ of New TSN, and this should not be expected. Rather, a range of estimates is likely to result, underpinned by consideration of a variety of different data sources and research studies and qualitative and quantitative assessment of the difference made by New TSN.

1 Background and Terms of Reference

Background

1. This report has been commissioned by OFMDFM with the primary aim of assessing the feasibility of measuring the impact of New Targeting Social Need (TSN) on community differentials. It forms part of a series of research projects on New TSN and its relevance to social need and poverty generally. This is a summary version of the main report, which is available on the OFMDFM website at www.research.ofmdfmi.gov.uk.
2. TSN was first launched as a public expenditure priority in February 1991, primarily as a response to research evidence showing significant differences in the socio-economic profiles of the Catholic and Protestant communities, especially the differential in unemployment rates between the two communities. Data from the Census of Population for 1991 showed a ratio of 2.2 between the unemployment rate for Catholic males compared to Protestant males, and a differential of 1.8 for unemployment amongst women.
3. Historically, the TSN initiative embodied three basic elements:
 - **Objective need** – problems of disadvantage and social need exist amongst both of the main communities.
 - **Targeting** – these problems should be addressed by targeting or skewing policies and programmes “even more sharply” on areas and people in greatest need.
 - **Achieving a reduction in community differentials** – because social disadvantage was found disproportionately in the Catholic community, the targeting or skewing of policies and programmes to better address objective need should lead to a reduction in socio-economic differences between the two main communities.
4. In November 1994 the Standing Advisory Commission on Human Rights (SACHR) was invited to undertake a comprehensive review of employment equality, including both the operation of the Fair Employment Act 1987 and relevant government policies. The SACHR report, published in June 1997, included a critical assessment of the operation and implementation of TSN since its inception in 1991 (see also Quirk and McLaughlin, 1996). Based on this, SACHR made a number of recommendations for enhancing the role and effectiveness of TSN.
5. The Government’s response was set out in the March 1998 White Paper *Partnership for Equality* which put forward a number of proposals for future legislation and policies on employment equality in Northern Ireland. These proposals were developed in more detail in subsequent reports, that is, *Vision into Practice* (1999), *Making it Work* (2001) and the *Programme for Government* (2001).

6. The main parameters of the initiative, however, remained unchanged and continued to emphasise targeting objective need. *Vision into Practice*, the New TSN Annual Report (1999) has a focus on unemployment and includes employability, health, housing and education as well as the Promoting Social Inclusion initiative. The identification of social need is at the forefront of *Vision into Practice* and the impact on the two communities is presented as a by-product of targeting the most disadvantaged (para 2.8). *Making it Work*, the second New TSN Annual Report, states that:

New TSN aims to contribute to the reduction of inequalities among different sections of society. ... By consistently addressing the problems of people who are objectively shown to be in greatest social need, New TSN should, over time, contribute to the erosion of these inequalities.

7. While the erosion of inequalities is anticipated to occur as a by-product of the implementation of New TSN, nonetheless community differentials, especially in respect of unemployment, remain central to the initiative. Thus, New TSN was explicitly recognised in the Good Friday Agreement, which referred to “progressively eliminating the differential in unemployment rates between the two communities by targeting objective need”.

8. Similarly, New TSN has been incorporated in the Northern Ireland Executive’s Programme for Government under the theme of promoting a “cohesive, inclusive and just society”. The Programme for Government also explicitly links New TSN and community differentials:

Our vision is set out in the New TSN policy by which we are committed to tackling community differentials in unemployment and the significant levels of deprivation, long term unemployment and benefit dependency which have blighted our society.

9. The Northern Ireland Affairs Committee of the House of Commons has also stressed the importance of the linkage between New TSN and community differentials. In its Fourth Report (1999), the Committee stated (paragraph 125):

We consider that New TSN should be adequately resourced to enable it more effectively to target a reduction in the unemployment differential than it has proven to be in the past.

10. To summarise, the basic thrust of New TSN is that it should be implemented on a ‘religion-blind’ basis by assisting people and areas objectively identified as being in ‘greatest need’. But community differentials continue to be an important dimension of the initiative, which is expected to have a positive effect by reducing socio-economic disparities between the two main communities. To that extent, the assessment of the impact of New TSN cannot be divorced from a consideration of its potential or likely effect on community differentials in key policy areas. This is the rationale for this report.

Aim and Objectives

11. In light of the above, OFMDFM have commissioned this report to assist in setting realistic parameters of the contribution that New TSN can make to changes in community differentials. The paper will further assist in the development of an evaluation framework for this particular aspect of New TSN.
12. The overall aim of the study is to assess the feasibility of measuring the impact of New Targeting Social Need on community differentials.
13. The objectives of the study are:
 - To identify and comment on key differentials across policy areas;
 - To review the range of factors which could have a future impact on community differentials;
 - To assess the extent to which New TSN can have an impact on community differentials; and,
 - To make recommendations on how to evaluate the impact of New TSN on community differentials.

Structure of the report

14. The structure of the report is as follows:
 - **Section 2** focuses on the identification and assessment of key differentials across policy areas. The main focus of this Section is the **baseline situation**, that is, the nature and extent of key differentials that **currently** exist between the two main communities.
 - **Section 3** considers the range of factors likely to affect the future evolution of selected key community differentials. Thus, this Section is primarily focused on **trends** in certain key indicators and the factors that are likely to influence those indicators.
 - **Section 4** assesses the extent to which New TSN can affect or influence key community differentials. Thus, this Section is principally concerned with **policy-related issues**.
 - **Section 5** presents recommendations for an **evaluation strategy** to facilitate preparations for the ex-post assessment of the impact of New TSN on community differentials.

2 Key Differentials Across Policy Areas

15. Reflecting the New TSN policy as enunciated in *Vision into Practice* and *Making it Work*, key differentials were reviewed across a wide range of policy areas, broadly grouped under the three ‘legs’ of New TSN:
- **Unemployment and employability**, including labour markets, educational qualifications, training and adult literacy.
 - **Needs and inequalities in other areas**, focusing principally on education, health, and housing.
 - **Multiple disadvantage**, primarily in relation to the spatial distribution of disadvantage.
16. In addition to the three ‘legs’ of New TSN, the report also considers community differentials in demography, location and income. There are a number of significant differences between the two communities in their demographic composition and geographic distribution, which are important in setting the context for the subsequent review of differentials across key policy areas. Income is a general indicator of social disadvantage and the risk of poverty.

Demography

17. The report examines the contrasting demographic patterns amongst the two main communities under three main headings:
- Population growth.
 - Age composition.
 - Household size and type.
18. The key findings are as follows.

Population growth

19. According to the 1991 Census of Population persons identifying themselves as Catholics accounted for 38.4 per cent of the total population, representing 43 per cent of those for whom a religion could be determined¹. This was a substantial increase on the Catholic share as enumerated in the 1971 Census of Population, estimated at 37 per cent by Compton (1995).

¹ In the remainder of this study, unless otherwise stated, references to the ‘Catholic share’ or the ‘Protestant share’ should be understood to refer to, respectively, the Catholic or the Protestant share of the two main communities, that is, excluding those for whom religion could not be determined. In the 1991 Census of Population, 11 per cent said they had no religion or did not state a religion.

20. Compton's calculations suggest that the Catholic share has been rising at a rate of around two percentage points per decade since 1971. Recent survey evidence indicates that this trend continued during the 1990s. For example, Continuous Household Survey (CHS) figures for the period 1997/98 to 1999/2000 show a 44 per cent Catholic share of the population for whom a religion could be determined.
21. The major factor underlying the rising Catholic share has been the faster rate of natural increase of the Catholic population, in turn driven by a higher Catholic birth rate.

Age composition

22. One consequence of the faster Catholic birth rate is that the Catholic population share varies quite sharply by age cohort, from a majority of children (persons aged under-16) to around one-third amongst people of retirement age.
23. Based on the CHS results for 1997-98 to 1999-2000, the Catholic share by broad age group was as follows:
 - Children (persons aged less than 16) – 55 per cent.
 - Working-age adults (men aged 16-64 and women aged 16-59) – 43 per cent.
 - Retirement age – 31 per cent.
24. In 1991, children aged under-15 accounted for 31 per cent of the Catholic population compared to 21 per cent of the Protestant population. Conversely, people of retirement age accounted for 19 per cent of the Protestant population compared to 11 per cent of Catholics

Household size and type

25. Reflecting the marked difference in their respective age compositions, the two communities also exhibit variations in their household size distributions and the mix of household types in which people live.
26. The most recent Continuous Household Survey (CHS) results show a higher average household size for Catholics (2.8 persons on average) than for Protestants (2.4 persons). Sixty per cent of Protestants lived in households with two or fewer persons, compared to 53 per cent of Catholics. Conversely, 32 per cent of Catholic households contained four or more persons compared to 22 per cent of Protestant households.
27. There are also strong contrasts between the two main communities in their household type patterns. The large family (two adults with 3+ dependent children aged under 16) is the modal household type amongst Catholic

households (21 per cent). By contrast, the modal type for Protestants is the lone older household (18 per cent), followed closely by households comprised of two older people (17 per cent).

28. These modal types also define the main variations between the two communities in terms of household type composition. A little over one in ten Protestant households fall into the large family category, about half the Catholic rate. Similarly, over one in five Catholic households (22 per cent) are of the two older or lone older type compared to over one in three Protestant households (34 per cent). The other main variations between the two communities include the higher proportion of Catholic lone parent households (7.5 per cent compared to 4.5 per cent) and the larger proportion of Protestant two adult households (13 per cent compared to nine per cent).

Commentary

29. The demographic variations between the two main communities are important from a New TSN perspective in a number of respects.
30. **Patterns of need.** Reflecting its younger age profile, the demand for education services is proportionately higher in the Catholic community. Amongst the adult population, the demand for many health services is known to increase with age and thus would be expected to be proportionately higher in the Protestant community.
31. **Risk of poverty can vary by household type.** Though labour market status of the household is the key predictor of the risk of poverty arising from low incomes, survey evidence from Great Britain also indicates an influence from demographic characteristics. Thus, lone parent and lone older households are especially likely to have relatively low incomes. In 1998/99 in Great Britain, almost two in five single pensioners living alone were below 50 per cent of mean income after housing costs. Amongst single persons with children, the low-income rate was 56 per cent.
32. **Employment and unemployment.** The implications of faster growth in the Catholic working-age population are discussed in Section 3 below with reference to employment and unemployment rates.

Location

33. The two main communities exhibit strikingly different residential location patterns, both at regional and local level. At regional level, the Catholic share in Belfast (45 per cent) in 1991 was on a par with the Catholic share for Northern Ireland. Outside Belfast, the Catholic share increases sharply from east to west, rising from 18 per cent in Outer Belfast to 64 per cent in the West & South of NI. Broadly speaking, Catholics are in a minority east of the river Bann, but comprise a majority in areas west of the Bann and along the border with the Republic of Ireland.

34. The broad regional pattern is highly relevant to New TSN as, historically, unemployment rates have tended to be higher in areas west of the Bann and along the Irish border. Further, employment rates and income levels have also tended to be lower in the more peripheral regions where the Catholic share is highest.
35. At local level, there is a high degree of residential segregation between the two communities. In 1991, 70 per cent of Protestants lived in areas² where their co-religionists comprised 70 per cent or more of the local population. Similarly, most Catholics (57 per cent) lived in wards with a Catholic majority of 70 per cent or more.
36. The residential location pattern is not an artefact of regional variations in the distribution of the two main communities. In Belfast, where the overall population balance between the two communities is about the same as the average for Northern Ireland, the degree of residential segregation is even more pronounced. Within the Belfast area, 73 per cent of Protestants lived in areas where the Catholic share was less than 30 per cent while 64 per cent of Catholics resided in localities where they comprised a majority of 70 per cent or more.

Income

37. Any assessment of socio-economic disparities needs to include a consideration of variations in income levels, especially the incidence of low income, which is strongly related to the risk of poverty.
38. In Great Britain, analyses of the incidence of low income and its variation by, for example, family type and socio-economic status are possible due to the availability of the Households Below Average Income (HBAI) series produced annually by the Department for Work and Pensions. The HBAI series does not yet extend to Northern Ireland, though this will happen in due course. Thus, the report makes use of a variety of different data sources to examine income differences between the two main communities, under the following headings:
 - Average income.
 - Receipt of benefits.
 - Children and low incomes.
 - Adults and low incomes.
39. The key findings are as follows.

² This analysis is based on Census wards, which typically contain between 3-4,000 people.

Average incomes

40. Family Expenditure Survey (FES) results for 1996/97 to 1998/99 showed average gross household income in Catholic households to have been 12 per cent lower than the average for Protestant households. As Catholic households tend to be larger, the disparity was more pronounced in respect of per capita incomes, which were about 25 per cent lower amongst Catholics compared to Protestants.
41. Average gross income is, however, a very crude and imperfect measure of income disparities between the two main communities. Because it includes taxes and national insurance contributions, gross income tends to overstate disparities in average net incomes. In that respect, it is interesting that average expenditure by Catholic households is about the same as for Protestant households, though there is still a 15 per cent gap when measured on a per capita basis.

Benefits

42. More importantly, from a TSN perspective, the average figures tell us very little about the incidence of low incomes. This can at least partly be addressed by considering receipt of benefits. The strongest rationale for this is that many benefits are received on a means-tested basis.
43. The available data clearly show that the Catholic community has a greater degree of dependence on social security-related benefits than does the Protestant community. Thus, according to the most recently published FES results, social security benefits accounted for an average of 27 per cent of gross income in Catholic households compared to 19 per cent amongst Protestant households.
44. The greater dependence of Catholic households on benefit income is also evident from survey data for the incidence of families on Income Support. Continuous Household Survey data for the period 1993/94 to 1996/97 showed that 34 per cent of Catholic families were in receipt of Income Support, compared to 18 per cent of Protestant families.

Children

45. Children are eligible for free school meals if their parents are in receipt of Income Support or income-based Jobseekers Allowance (JSA). FSM is therefore a good indicator of general social disadvantage experienced by children.
46. The 1998/99 FSM data show that one in three children in Catholic maintained schools came from families in receipt of one of the relevant benefits. This was 1.8 times greater than the incidence amongst children attending other managed primary schools and twice the rate for pupils in other managed post-primary schools.

Adults

47. The 1997 NI Health and Social Well-being Survey included a section on gross annual household income. Based on the survey responses, researchers at Queens University Belfast have constructed a measure of equivalised gross household income³ (O'Reilly and Browne, 2001). Based on this, the QUB researchers allocated individuals in the survey to five gross household income categories. The main findings were as follows:
- A higher incidence of low incomes in the Catholic community. Amongst individuals aged 16+, 43 per cent of Catholics lived in households in the two lowest income categories compared to 30 per cent of Protestants.
 - There was a greater incidence of low incomes amongst Catholics in each of three different age groups for which results were reported (16-44, 45-64 and 65+).
 - Catholics were estimated by the H&SW survey to comprise 48 per cent of those in the two lowest income categories. They were in a majority of people on low incomes amongst individuals aged 16-44 (55 per cent) and accounted for half of those aged 45-64 living in low income households.
 - Reflecting the higher representation of people aged 65+ in the Protestant community, Protestants accounted for a large majority (69 per cent) of individuals aged 65+ living in lower income households.

Commentary

48. The available income data suggest higher rates of Catholic disadvantage across all age groups. It is, however, important to reflect that, though the **incidence** of low income is proportionately higher amongst Catholics, there is a broad balance in the actual **numbers** of persons living in low-income households. For example, the H&SW survey results suggest that roughly equivalent numbers of Catholics and Protestants aged 16+ live in lower income households.
49. The remainder of this Section considers a range of New TSN-relevant policy areas that have an influence on or that may be correlated with, the incidence of persons on low incomes. The discussion commences with an analysis of community differentials in employment and unemployment.
50. Though not the only factor to be considered, labour market disparities are of particular relevance in targeting the greatest social need. Primarily, this is because household labour market position has a very marked impact on the incidence of low incomes amongst individuals.

³ Equivalisation is a process by which household income is adjusted for variations in household size and composition. Thus, each household's income is divided by a scale that varies according to the number of adults and the number and age of dependents.

51. The evidence from Great Britain is that low incomes are almost absent in 'work-rich' households. By contrast, households where the head or spouse is unemployed exhibit a very high incidence of low incomes.

Employment and Unemployment

52. Based on a review of Labour Force Survey (LFS) data and various research studies, the baseline situation as of 1999 with respect to labour market disparities between the two communities can be summarised as follows:
- Amongst working-age Catholics, sixty-two per cent were in a job. This was nine percentage points below the employment rate⁴ in the Protestant community. That is, working-age Protestants were 15 per cent more likely to be in a job than working-age Catholics.
 - The disparity in employment rates meant that non-employment amongst working-age Catholics, at 38 per cent, was 1.3 times the Protestant rate (29 per cent).
 - In 1999, the unemployment rate amongst Catholics was close to nine per cent, 1.8 times the Protestant rate of five per cent.
 - The long-term unemployment rate amongst Catholics was over twice the Protestant rate. Thus, Catholics accounted for 60 per cent of the long-term unemployed, well in excess of their 44 per cent share of the working-age population.
 - Catholics aged 18-24 are still significantly more likely to be unemployed and to have experienced a prolonged spell of unemployment lasting six months or more, after controlling for factors such as qualifications, location and employment status of the household.
53. These labour market disparities have received considerable attention in the academic literature, especially the community differential in unemployment rates⁵. There does not exist a consensus view within the literature on the determinants of the unemployment rate differential, especially in relation to the role of discrimination, whether past or present, direct or indirect. Nonetheless, there is broad agreement that about half of the differential can be ascribed to what may be called 'structural' factors that are associated with a higher risk of unemployment and that have tended to disproportionately affect Catholics. Factors typically identified include educational qualifications and location in areas where labour demand is relatively weak. Such structural factors are within the ambit of New TSN.

⁴ That is, the number of people in a job expressed as a proportion of the population of working-age.

⁵ The Catholic unemployment rate expressed as a ratio of the Protestant unemployment rate.

Educational Qualifications

54. Community differences in educational qualifications are assessed under the following headings:
- Qualifications of school-leavers
 - First destinations of school-leavers.
 - Adults.
55. The key findings are as follows:

Qualifications of school-leavers

56. Secondary schools in Northern Ireland can be categorised as being under Catholic management or other management. The latter are predominantly attended by Protestants⁶.
57. Historically, leavers from other managed secondary schools have tended to possess higher levels of qualifications, or been less likely to leave with no qualifications. This gap was steadily closed over the least two and a half decades. Thus, by 1998/99 the proportion of school-leavers achieving A-levels did not vary by school management type. There were some differences in the proportions leaving with GCSE qualifications and those leaving with no GCSEs. But the variances were very slight, in the order of one per cent.
58. Research into variations in GCSE scores of school-leavers suggests that the differences that have existed in levels of qualifications achieved largely reflect the influence of socio-economic factors that are themselves correlated with religion. Shuttleworth's 1995 analysis of GCSE scores of school-leavers found that leavers who were eligible for Free School Meals tended to score less than those from non-eligible households and that GCSE scores tended to be higher for those from households in which both parents or the father were employed. Religion did not have a significant independent effect once these socio-economic factors had been allowed for.

First destinations of school-leavers

59. Recent Department of Education data indicate that there is now very little difference between the two main communities in the profiles for the first destinations of school-leavers. In 1998/99 the proportion going on to higher education was 30 per cent for leavers from both Catholic schools and those under other management.

⁶ In 1999/00, amongst those for whom a religion could be determined, Protestants accounted for 90 per cent of those enrolled in non-Catholic managed secondary schools.

Adults

60. The steady convergence in levels of qualifications obtained by school-leavers is strongly reflected in the 'stock' of qualifications possessed by economically active persons. Thus, by 1999, there were only slight differences between the two communities in terms of highest level of qualification. In both communities, about one in five economically active adults have no qualifications.
61. Though there is broad parity in comparative levels of qualifications, nonetheless the long-standing Catholic disadvantage in the labour market would appear to have had consequential effects in terms of disparities in adult literacy rates.

Commentary

62. Considering all of the above, it could not reasonably be said that there are substantial community differentials in educational outcomes, especially after taking account of socio-economic status of individual pupils and concentrations of persons from deprived backgrounds. These factors tend to be correlated with religion, in that pupils attending Catholic managed schools are more likely, for example, to be eligible for free school meals. Indeed, it is perhaps surprising that there are such slight variances in inter-community differentials in educational outcomes and progression to higher education. Clearly, education is an area where there are greater disparities within the two communities than between them.

Other Needs and Inequalities

63. As noted above, New TSN has three 'legs'. Though there is a particular focus on unemployment and employability, *Vision into Practice* and *Making it Work* also emphasise addressing needs and inequalities in other areas. This second 'leg' of New TSN is essentially focused on individual policy areas, with specific reference being made to health, housing and education.

Education

64. Inequalities in education can be considered in respect of three headings, that is, outcomes, participation and access. Regarding educational outcomes, the current situation is broadly one of parity between the two communities, at least insofar as this is indicated by differences in levels of qualifications obtained by school-leavers.

Participation

65. Participation in school is compulsory from the ages of four to 16. The main interest in terms of participation therefore focuses on those age groups outside the compulsory age range.

66. Regarding participation in pre-school provision, the Department of Education (DE) estimates a 58 per cent rate for Catholics and a broadly similar rate of 56 per cent for Protestants (DE, 2001).
67. In the post-16 arena, Catholics and Protestant school-leavers are about equally likely to progress to higher or further education.

Access

68. The main access issue from a New TSN perspective is the nature and structure of post-primary provision, notably selection at age 11 into the grammar school system. Access to grammar schools is important, because this is still the main route to higher education, which greatly enhances a young person's future employment and income prospects.
69. Writing in 1987, Livingstone found that 26 per cent of Catholics left school having attended grammar school for all or part of their secondary education, compared to 35 per cent of Protestant pupils.
70. Though not directly comparable, the most recent data from DE would suggest that this differential has diminished over time. Thus, in the school year 2000/01, 42 per cent of Protestants in post-primary schools were attending a grammar school compared to 38 per cent of Catholics. Whatever the precise mix of reasons for the four percentage points gap, one point is crystal clear from the data that are available. This is that differential access to grammar schools has much more to do with socio-economic disparities within the population as a whole than differences between the two communities. Regardless of management type, pupils entitled to free school meals are much less likely to attend a grammar school than are non-eligible pupils. In 2000/01, 85 per cent of post-primary pupils entitled to FSM attended non-grammar secondary schools. That is, when considering access to grammar schools, income is a much better predictor than religion.

Housing

House tenure

71. In 1996, 68 per cent of Protestant-headed households were in owner occupation. Owner-occupation was also the predominant tenure amongst Catholic-headed households, albeit at a rate some five percentage points below that of Protestant-headed households.
72. The difference in rates of owner-occupation between Catholic and Protestant households was due to the greater proportion of Catholic households living in dwellings rented from the Northern Ireland Housing Executive (NIHE). In 1996, 28 per cent of Catholic households were in NIHE dwellings, compared to 23 per cent of Protestant households. This reflects the historically greater level of need, in proportional terms, amongst the Catholic population.

House condition indicators

73. Since 1974, the state of the Northern Ireland housing stock as a whole has been monitored by means of periodic large-scale and very detailed House Condition Surveys (HCS) undertaken by the NIHE. The most recent HCS results suggest that there was relatively little difference between the two communities in housing conditions. The main findings are as follows:
- Catholics were more likely to live in dwellings that are considered to be overcrowded according to the bedroom standard measure. This reflects variations in household types and tenure mix (NIHE dwellings tend to be smaller than those in owner-occupation).
 - The incidence of dwellings requiring essential modernisation was slightly higher in the Protestant community.
 - The unfitness rate (now relatively low in a UK context) was the same for both communities.
 - The incidence of poor housing⁷ also showed little variation between the two communities, with Protestants slightly more likely to live in dwellings classified as poor housing.
74. Overall, the variations in the incidence of poor housing have much more to do with factors such as household type (the incidence is higher in lone and two older households as well as lone adult households), income level (the incidence declines sharply with increasing household income) and location (the incidence is higher in isolated rural areas) than with religion.

Health and social well-being

75. Health and social well-being is a key policy area from a New TSN perspective both in its own right and also because various studies (e.g. Murphy and Armstrong, 1994) find that the health status of working-age people has an influence on their labour market position. That is, health and social well-being are linked to employment and employability in the sense that people in poor health are more likely to be economically inactive or unemployed while those with a job are less likely to suffer ill-health. Indeed, according to Black (1994), the income gradient for health status is relatively steep, that is, a small increase in income generates a more than proportionate increase in health status.
76. In the present context, the specific concern in regard to New TSN is whether there are differentials in population health and social well-being between the two main communities. The main data source for answering this question is the Northern Ireland Health and Social Well-being (HSW) Survey (O'Reilly and Browne, 2001).

⁷ Based on a summary indicator that defines 'poor housing' as a dwelling that is classified as 'unfit' or 'in substantial disrepair' or requiring 'essential modernisation'.

77. Considering **all adults** aged 16+, the main point of note is that there are no substantial differences between the two main communities at overall population level. Close to half of both Catholic and Protestant respondents said that their health in the past twelve months had been ‘fairly good’ or ‘not good’, rather than ‘good’. Similarly, there was little or no difference in the incidence of those reporting a limiting long-standing illness (LLSI). The proportion reporting a disability varied by only 1.4 percentage points between the two communities.
78. These results are somewhat unexpected. The all-persons results show clearly that health status declines with age. Given the older age profile it might have been expected that the incidence of poor health status would have been higher amongst the Protestant population. In fact, the lack of variation between the two communities at population level reflects the interplay between two factors:
- The older age profile of the Protestant community; and,
 - Reflecting the influence of socio-economic factors that are themselves correlated with religion, the incidence of poor health status is higher for Catholics than for Protestants **within** each of three broad age groups (16-44, 45-64, 65+).
79. The various statistical models estimated by the authors of the HSW report illustrate the influence of social need over and above age-related effects. Thus, for example, individuals living in the lowest-income households tend to be significantly more likely to report a LLSI. Similarly, people renting their dwelling, mostly from the public sector, and those with no qualifications, experience above-average rates of LLSI, all other things being equal. These additional social needs indicators are all correlated with religion.
80. Once these social needs factors are accounted for, religion does not have a significant independent influence on health status. That is, the variations by religion within age groups are a reflection of the correlation between various additional social needs indicators (primarily income, but also tenure) and religion. This is a fairly general finding across the various HSW population-level health and well-being indicators.

Community development

81. Promoting community development is an important aspect of New TSN in a number of areas, including health and social services and urban and rural regeneration. It has also been an important feature of various EU-funded programmes.
82. This is, however, an area in which the gaps tend to be in Protestant areas. This was first highlighted in a 1991 report titled *Community Development in Protestant Areas*, but has also been noted in more recent studies, such as a 1998 study of community development in Fermanagh (Quinn, *The Way It Is*).

83. The reasons for the gap in community development capacity are not fully understood. Some studies emphasise what they see as differences in ‘ethos’ between the two main communities (see especially Quinn, 1998, *The Way It Is*), with a more ‘individualist’ Protestant ethos being contrasted to a more ‘collectivist’ tradition in Catholic communities.
84. But it is probably also true that the spatial framework of disadvantage in Northern Ireland has itself helped to shape differences in levels of community development. Much of the focus in programmes to support community development has been on disadvantaged areas, which tend to be disproportionately concentrated in Catholic areas. This issue is further discussed below in considering spatial aspects of the incidence of multiple disadvantage.

Culture, Arts and Leisure

85. There is not a sufficient amount of information from which to draw firm conclusions regarding any community differences that may exist in access to or participation in culture, arts and leisure. Analysis of the information that is available would suggest that the main point of concern is the effect of the income gradient on the participation rate, rather than any variations that may exist between the two main communities.

Multiple Deprivation

86. The third ‘leg’ of New TSN centres on promoting social inclusion (PSI). The rationale for the PSI strand of New TSN is that cross-departmental policies and programmes are often required to address the multi-dimensional nature of social exclusion, that is, the combined presence of multiple indicators of social disadvantage or deprivation in a specific area or amongst a group of people.
87. The report considers indicators of multiple deprivation defined for both people and areas. Recent research by Borooah (2000) provides evidence on differences between the two main communities in the incidence of multiple deprivation. Following this, the geography of multiple deprivation is considered in the context of the spatial distribution of the two main communities. The spatial aspect has been a particularly important element of the TSN initiative in Northern Ireland, notably in identifying localities where objective need was thought to be most highly concentrated.

People

88. Using data from the Sample of Anonymised Records taken from the 1991 Census of Population, Borooah (2000) constructed a deprivation index as a means of addressing two questions:
 - What are the differences between the two main communities in levels of deprivation?

- What factors can be adduced to explain disparities in levels of deprivation?
89. The overall conclusion drawn from Borooah's analysis is that, at least at the time of the 1991 Census of Population, the incidence of deprivation was higher in the Catholic community. At that time, according to Borooah's index, one in four Catholics could be categorised as deprived, compared to 16 per cent of Protestants.
90. Having estimated a range of statistical models with a view to explaining the disparities, Borooah highlighted the importance of reducing differences in unemployment rates as a means of reducing disparities in deprivation levels.

Areas

91. The assessment of the extent to which the two communities differ in the incidence of spatial concentrations of multiple deprivation is based on an analysis of the religious composition of the populations living in deprived and non-deprived areas⁸.
92. The main finding is that the Catholic community is more spatially concentrated in areas of deprivation. In 1991, 66 per cent of Catholics lived in wards designated as deprived on the basis of the Robson Index, compared to 31 per cent of the Protestant population. Religion was not a separate predictor variable in the Robson index, which was based on indicators related to employment, health, housing, and so on. To that extent, the greater concentration of Catholics living in deprived wards was largely the spatial expression of socio-economic disparities between the two communities.
93. The finding does **not**, however, mean that two-thirds of Catholics were deprived compared to less than one in three Protestants. No matter how well they are constructed so as to minimise the influence of specification and measurement error, spatial indices of deprivation will still be subject to two fundamental limitations (see also Beatty *et al*, 2001):
- Not all of those who live in disadvantaged areas are themselves disadvantaged. This is the 'ecological fallacy' problem.
 - Not all disadvantaged people live in disadvantaged areas.
94. It is difficult to illustrate these points using the Robson index, which is constructed from a range of spatial datasets. However, the recent O'Reilly and Browne report based on the H&SW survey includes a set of tables cross-

⁸ The areas used were Census wards. The deprivation index used for the analysis in the report is the Robson Index. In the period since the analysis was conducted, a new set of spatial indicators of deprivation have been produced, that is, the NI Measures of Deprivation. Preliminary analysis of the new index suggests that the conclusions drawn in this report are largely unaffected.

classifying income distribution with the location of individuals in areas of deprivation based on the Carstairs index of deprivation⁹.

95. Focusing first on the distribution of disadvantage **within** deprived areas, the O'Reilly and Browne analysis reported that lower-income individuals comprised 48 per cent of those living in Carstairs 'most deprived' and 46 per cent in Carstairs 'deprived' areas, declining to 18 per cent in the 'most affluent' areas. Thus, it can be seen that, while the spatial deprivation index is well correlated with the spatial distribution of low income, not all individuals living in the 'most deprived' or 'deprived' areas are in the lowest income households¹⁰.
96. The 'ecological fallacy' problem is, of course, well known. Any policy or programme that skews resources on a geographical basis can take account of this by appropriate consideration of target groups within the designated areas or by adopting relevant processes, such as a community development approach. The second problem is more difficult to manage when resources are skewed geographically, since the probability of gaps in the allocation to disadvantaged **people** is higher for those located outside designated areas.
97. Again, the HSW findings can be used to illustrate the problem. Considering all individuals in the lowest income categories (35 per cent of all respondents), 50 per cent were located in areas considered to be 'deprived' or 'most deprived' on the Carstairs index. There was, however, a sharp contrast in the distribution by religion:
 - Two-thirds of Catholics in the lowest income households were located in areas classified as 'deprived' or 'most deprived'.
 - By contrast, only one in three Protestants in the lower income categories were located in areas classified as 'deprived' or 'most deprived'.
98. The disparity certainly warrants further investigation. It is probably not specific to the Carstairs index and is likely to reflect a range of factors. As noted above, Catholic disadvantage appears to be more spatially concentrated. Thus, Catholics comprise large majorities of individuals living in the lowest income households in areas identified by Carstairs as 'deprived' or 'most deprived'. Conversely, Protestants comprise large majorities of individuals living in the lowest income households in areas identified by Carstairs as 'most affluent' or 'affluent'.

⁹ The Carstairs Index is based on four equally weighted Census variables. Though fewer variables are used, and the weighting procedure is different to Robson, nonetheless it produces a broadly similar spatial pattern. For example, the estimated Catholic share of the population living in deprived areas varied very little between the Robson (62 per cent) and the Carstairs index (63 per cent).

¹⁰ It is interesting to note that these results are comparable to the NI Measures of Deprivation, according to which 46 per cent of the population living in the 30 per cent of wards that are most deprived on the income domain live in families on a means-tested benefit

99. Regardless of the specific reasons for the disparity, the conclusion must be that there is a sharp community differential associated with the problem that not all disadvantaged people live in disadvantaged areas. Specifically, where resources are allocated on a spatial basis, the risk of 'missing the target' is higher for Protestants than for Catholics. Such a scenario clearly has implications for any definition of 'fair shares' when resources are targeted using spatial indices.

Conclusions

100. The main conclusion drawn from the foregoing review of differentials across key policy areas is that the labour market continues to be the primary source of disparities between the two main communities. Working-age Catholics were found to be less likely to be in a job compared to their Protestant counterparts. They were also more likely to be unemployed.
101. Reflecting the above, Catholics are at greater risk of living in lower income households and/or being dependent on benefits for their income. The most recent Family Expenditure Survey data indicate that the Catholic share of employment income is proportionately less, by about 20 per cent, than the Catholic share of the working-age population. This suggests a clear link between disparities in labour market outcomes between the two communities and Catholic disadvantage as measured by the greater prevalence within the Catholic community of individuals living in lower income households.
102. A second implication is that Catholics are at greater risk of experiencing multiple deprivation. This is evident from a review of both the Borooah index based on community differences in the incidence of 'deprivation-inducing conditions' and the geography of deprivation according to the Robson index.
103. Notwithstanding the above, it is also important to reflect that problems of low income and multiple deprivation are not confined to the Catholic community. The available data on adults living in lower-income households suggests that there is an approximate balance between the two communities in the numbers living in such households. Partly, this reflects the relatively high proportion of older persons amongst the Protestant population, especially older persons living on their own.
104. In the sphere of education, the current situation is broadly one of parity between the two communities on a range of indicators, including levels of qualifications achieved by school-leavers, proportions attending grammar schools, and progression to further and higher education. The main differential noted in this report is in respect of adult literacy. The evidence suggests, however, that the differential is itself strongly related to labour market disadvantage.
105. A range of self-reported indicators of health status were reviewed and it was found that, within each of three broad age groups, the incidence of health problems in the adult population was higher for Catholics than for Protestants.

106. This primarily reflected the influence of underlying socio-economic disparities between the two communities, especially the strong correlation between income and health status. At overall population level there was parity between the two communities because health status is correlated with age, and the Protestant population share is especially high amongst older persons.
107. The incidence of poor housing was also found not to vary significantly by religion at least partly because Catholics are disproportionately represented in the social housing sector. The more important predictors are income and household type.
108. Overall, community differentials in areas such as health, housing and education tend to be shaped by the interplay between demographic and social needs factors, and mediated by the scale of public provision.
109. Though they are not the only factors, income or proxies for income (e.g. socio-economic status) or factors related to employment (e.g. numbers of workers in the household) tend to be key predictors of social needs over and above age-sex considerations in these policy areas. This underpins the primary importance attributed to community differentials in labour market outcomes.

Recommendations

110. A number of recommendations are made in the report regarding the preparation of a baseline data set in respect of New TSN-related community differentials.
111. The recommended indicators framework is presented in Table 1. This is based on a set of themes derived from the three 'legs' of New TSN, along with contextual indicators to reflect demographic and income variations.
112. Baseline estimates for the various indicators are set out in Table 1. These are derived from the information sources used for this report. Some of these estimates will need to be updated and/or refined in light of other research (for example, the income indicators can be refined to reflect the New TSN Picture of Poverty report). In other cases, there are gaps that will need to be filled, such as the proportion of children living in workless households.
113. It is also recommended that further work be undertaken to identify the overlap between disadvantage amongst people and the spatial framework of deprived areas. This is to help ensure that the use of spatial indicators for targeting resources is able to take account of the fact that not all disadvantaged people live in deprived areas. The use of spatial indicators will also need to reflect the finding that the probability of a disadvantaged person being located outside a disadvantaged area is higher for Protestants than Catholics.

Table 1 Indicators of need and socio-economic disparities by religion

	Catholic	Protestant
	%	%
Demographic context		
Children as per cent of total population	31	22
Retirement age people as per cent of total population	13	21
Lone parents - per cent of households	8	5
Lone older - per cent of households	12	18
Income		
Families on income support (per cent)	34	18
Primary pupils who have free school meals (per cent)	34	19
Post-primary pupils who have free school meals (per cent)	32	16
Individuals aged 16+ with lowest levels of equivalised household income (per cent of persons)	43	30
Unemployment and employability		
Employment rate (% of working-age population)	62	71
Unemployment rate (% of labour force) - all	8.9	5.0
Unemployment rate - long-term (% of labour force)	4.8	2.3
Unemployment rate - youth (18-24) (% of labour force)	n.a.	n.a.
School-leavers with less than 1-4 A*-C GCSEs	21	20
Adult literacy - % at Level 1 on prose literacy scale	29	21
Other needs and inequalities		
<i>Education</i>		
Participation in pre-school provision	58	56
<i>Health</i>		
Long-term limiting illness – all aged 16+	27	27
Long-term limiting illness – working age	10	7
Long-term limiting illness – retirement age	42	32
<i>Housing</i>		
Poor housing (per cent of population)	11	13
Multiple disadvantage		
<i>People</i>		
Strongly deprived (Per cent)	25	16
Children living in workless households	n.a.	n.a.
Working-age adults living in workless households	n.a.	n.a.
<i>Areas</i>		
People living in deprived areas (per cent of population)	66	31
Disadvantaged people living outside deprived areas (per cent)	32	67

n.a. Not available at the time the study was undertaken, but recommended for inclusion in a New TSN baseline set of indicators.

3 Key Trends

114. The review of the range of factors that could have a future impact on community differentials comprises two main elements:
- Trend analysis of factors influencing key community differentials.
 - Based on the above, consideration of base case scenarios for the future evolution of key differentials. That is, how might certain key differentials evolve in the absence of New TSN?
115. For the reasons discussed in the review of differentials across key policy areas, the primary focus is on labour market trends.

Trends

116. The 1990s saw substantial growth in employment and this has undoubtedly helped to improve the relative position of Catholics on all key labour market indicators without adversely affecting the absolute labour market position of Protestants:
- Reflecting the favourable economic context, both communities registered a rise in their respective employment rates. The Catholic employment rate increased from 54 per cent at the beginning of the 1990s to 62 per cent by the end of the decade. The Protestant employment rate also rose, albeit slightly, from 71 per cent to 72 per cent.
 - Total regional employment grew at an average rate of 1.8 per cent per annum. Amongst Catholics the average rate of growth was 2.7 per cent per annum while Protestant employment expanded by 1.2 per cent per annum.
 - The regional unemployment rate was more than halved, from 15 per cent to under seven per cent. Unemployment fell amongst both Catholics and Protestants, but the fall was steeper for Catholics.
117. The favourable economic conditions of the 1990s were accompanied by a narrowing of the key labour market differentials. This was most noticeable in respect of the percentage points gap in unemployment rates and the employment gap:
- The **employment or jobs gap**, that is, the percentage points difference between the Catholic share of the labour force and the Catholic share of employment. This was one percentage point in 1999, down from three percentage points in 1991.
 - The unemployment differential measured as the **percentage points difference** between the respective Catholic and Protestant unemployment

rates. In 1999, this measure stood at four percentage points, down from over ten percentage points in 1991.

- Though the behaviour from one year to another is rather more erratic, the **unemployment differential** measured as **the ratio** of the Catholic unemployment rate to the Protestant rate also appears to have improved during the 1990s, maintaining a steady downward trend apparent since the 1970s. The ratio was 1.8 in 1999, down from 2.1 based on the 1991 Census of Population.
118. The evolution of these key indicators over the period 1999-2005 will depend on trends in:
- The regional unemployment rate.
 - The Catholic share of the labour force.
 - The Catholic share of employment.
119. According to the NIERC, the economic outlook for the period to 2005 remains relatively positive. The latest forecasts from the NIERC envisage employment continuing to expand at 0.7 per cent per annum. The labour force is, however, expected to grow at the same pace, so the regional NI unemployment rate is projected to remain within the range 5.5-6 per cent.
120. It is anticipated that the Catholic labour force and employment shares will continue rising. The rising Catholic labour force share primarily reflects the faster rate of increase of the Catholic population of working age. The continued rise in the Catholic employment share reflects both the faster growth of Catholic labour supply and a steady fall in the level of Catholic disadvantage in hiring. The latter is evidenced by a range of factors, including:
- A loosening of the link between location and unemployment, at least at the level of Travel-to-Work Areas and also District Councils.
 - Ongoing convergence of the Catholic occupational profile on the whole economy profile. This is likely to be underpinned by, for example, the convergence in levels of educational qualifications.
 - Catholic success rates in applications for new job openings in the monitored public and private sectors are at or above those for Protestants.

Base case scenarios

121. The slower rate of employment growth and the levelling off of the regional NI unemployment rate are likely to also result in a levelling off of the unemployment gap and the employment gap.

122. Regarding the prospective future path of the ratio of rates, there are two contrasting perspectives. According to Murphy (1995), Catholic labour market disadvantage is reducing, and this acts to push the differential downwards. Offsetting this, the Catholic labour force share is increasing, which counteracts the effect of the decline in Catholic labour market disadvantage. In Murphy's formulation, as long as the disadvantage effect outweighs the labour force share effect, the differential will continue to fall.
123. Gudgin and Breen (1996) offer an alternative perspective. The core hypothesis in their model is that differences in the responsiveness of Catholics and Protestants to changes in the overall NI unemployment rate have the net effect of shifting the employment gap in such a way that the ratio of rates remains roughly constant, varying around an "approximately constant" level due to cyclical fluctuations in the overall NI unemployment rate. This hypothesis is in turn underpinned by an implicit assumption of a persistent and constant level of Catholic labour market disadvantage.
124. The conclusion drawn in this report is that the ratio of rates is on a downward trend, and this is likely to continue, albeit at a slow pace. The main ingredients in this assessment are:
- A continuation of the steady decline in the level of Catholic disadvantage, which exerts a downward pressure on the ratio of rates.
 - The increasing Catholic labour force share, which exerts an upward pressure on the baseline ratio of rates.
 - The increasing Catholic employment share, which helps to close the employment gap.
 - The projected levelling off in unemployment, which most affects the percentage points measures.
125. Finally, the scenarios summarised above should be interpreted with caution. Primarily, they should be viewed as representing **qualitative indications** of how the key labour market differentials are evolving in light of the available information. While a wide range of factors has been reviewed in making the foregoing qualitative assessments, any such exercise entails a considerable degree of uncertainty¹¹.

¹¹ The foregoing analysis is based on data from the 1999 Labour Force Survey Religion Report. Since these scenarios were prepared, more recent data have become available from the 2000 Labour Force Survey. These more recent data show a decline in the ratio of rates, from 1.8 in 1999 to 1.7 in 2000, which is consistent with the direction of change indicated by the base case scenario for the ratio of rates.

4 Expected Impacts

126. One of the objectives of the research was to assess the extent to which New TSN can positively affect or reduce the community differentials identified in the review of key policy areas. The main issue is the difference that New TSN is likely to make compared to the base case scenarios presented in the review of key trends. It is not the purpose of this report to provide quantitative estimates of the likely impact of New TSN in respect of community differentials. This would demand a more detailed consideration than is feasible within the context of this exercise. In line with the terms of reference for this report, therefore, the focus is on a more qualitative assessment of the potential impact of New TSN, with a view to providing recommendations on the evaluation of the impact on community differentials.
127. New TSN is not a policy or programme in the conventional sense. Thus, there is no specific New TSN funding line. To that extent, the effectiveness of New TSN demands that processes are put in place to better enable existing resources to be skewed towards those in greatest need. For that reason, the discussion of expected impacts begins by considering a range of policy and practice issues relating to the implementation of New TSN. The second stage in the preparation of an impact assessment framework is to consider Departmental Action Plans with the objective of 'mapping' key differentials across policy areas to Departmental Action Plans.

Policy and practice issues

128. Skewing of resources to better meet objective social need is meant to be on an objective need basis. Indeed, it could not be otherwise else there would be a clear breach of the intention of New TSN to target fairly irrespective of attributes such as gender, religion or race (*Making it Work*, 2001). Nonetheless, a central tenet of TSN is that the skewing or targeting of resources will, over time, lead to the 'erosion' of socio-economic differentials between the two communities.
129. There are two basic means of measuring community differentials considered as differences in the per capita incidence of a social need, that is:
- The **ratio of rates**, or the per capita incidence in one community expressed as a ratio of the per capita incidence in the other community.
 - The **gap**, that is, the difference between the per capita incidence of social need in one community and the per capita incidence in the other community.
130. Targeting objective need will almost always reduce a community differential that is measured as a gap. As long as policy reduces the level of need, then the gap between the two communities will fall in proportion to the achieved reduction in need, assuming objective implementation.

131. The impact on the ratio of rates is, however, much more contingent, depending on:
- The policy mix or the extent to which resources are skewed towards greatest objective need within some ‘bundle’ of social needs.
 - The composition or mix of needs within each community is also critical.
132. Thus, for example, in the case of unemployment, the overall ratio of unemployment rates can be reduced if resources are disproportionately skewed towards the long-term unemployed. This is not because of the higher per capita incidence of long-term unemployment amongst Catholics. Rather it is due to the fact that the long-term unemployed account for a greater share of total Catholic unemployment than Protestant unemployment.
133. This example illustrates the general point that, if the mix of needs in a given policy area does not vary between the two communities then there is no effect on the overall ratio of rates from skewing towards the greatest objective need, even if the per capita incidence of total need is higher in one community than in the other.
134. These considerations have strong implications for the practice of skewing for New TSN purposes. They underscore the importance of understanding how the mix of needs within a policy area varies. In particular, they emphasise the relevance of skewing towards target groups where objective need is greatest.
135. The spatial framework for skewing resources must be deployed with caution. On most indicators, Catholics are more highly concentrated in areas of deprivation than are Protestants. Thus, if spatial indicators are used as proxy measures of need, and resources are **wholly** directed towards designated deprived areas, then it is likely that the Catholic population will benefit disproportionately. But this would also mean that the Catholic share of resources or effort would most likely exceed their share of the relevant target population in deprived and non-deprived areas taken as a whole.
136. There is, in fact, a trade-off between spatial targeting and the Catholic share. Because the probability of living in a disadvantaged area varies between Catholics and Protestants across a range of target groups, the greater the reliance on spatial targeting, the larger will be the Catholic share. A balanced approach is required. The analysis in this report would suggest that, in general, the share of resources or effort devoted to deprived areas should be equivalent to the proportion of the target group population (e.g. people on low incomes, the unemployed, and so on) who live in deprived areas. This facilitates an objective needs approach as it gives an expected Catholic share of resources that is equal to the Catholic share of the relevant target group. It is therefore possible to use spatial targeting without disadvantaging certain groups if the target group population can be defined. The exception to this ‘rule-of-thumb’ is if it can be demonstrated that location makes an independent contribution to objective need.

137. To give an example, if we did not have a spatial framework, then one possible means of allocating resources geographically is to do so in proportion to population shares. But such a rule contains no systematic information on the geography of need, so the allocation would be as likely as not to ‘miss the target’. As Table 2 shows, if resources were allocated *pro rata* on population then, for example, deprived areas would receive only 32 per cent of resources even though they contain an estimated 50 per cent of people on low incomes. Similarly, the Catholic population would receive less than its ‘fair share’, 43 per cent compared to a 48 per cent share of people on low incomes.

Table 2 Expected resource shares based on allocation to deprived areas in direct proportion to spatial distribution of the target group

	Target groups				
	Population ¹	Unemployed ¹	People on low incomes ²	Less than 16 ¹	Retirement age ¹
Resource shares:					
▪ Deprived areas	32	50	50	37	30
▪ Catholic	43	58	48	53	31

Notes:

1 Based on distribution of 1991 Census of Population in DETI New TSN wards. Primarily based on the Robson index.

2 Based on HSW survey results for low-income people by Carstairs deprivation.

138. The conclusions drawn can therefore be summarised as follows. It is possible for New TSN to positively affect community differentials, whether these are measured as gaps or ratios of rates. The conditions for achieving a positive effect on differentials expressed as ratios of rates are set out in detail in the discussion of policy and practice issues in appendices to the full report.

139. Briefly, to reduce a gap, it is necessary to reduce the level of need associated with that gap. The conditions for reducing a ratio of rates are more onerous. They require a policy stance that actively skews resources towards the greatest component of need within some given bundle of needs. But even when this is done, the ratio of rates will only be reduced if that component of need also has a larger share of total need in the community where objective need is highest.

140. These conclusions have two further consequences for the practical implementation of New TSN:

- Within the context of a religion blind or objective needs approach the appropriate policy stance is best achieved by focusing on target groups.
- Because the probability of living in a deprived area is higher for Catholics than Protestants, an objective needs approach can be more difficult with spatial targeting. In effect, there is a trade-off between the share of resources allocated to deprived areas and the expected Catholic share of resources.

Departmental Action Plans

141. With respect to the unemployment and employability leg of New TSN, it is possible to make a qualitative assessment of the likely impact of the implementation of the DEL and DETI Action Plans on community differentials in the labour market. The conclusion drawn is that the impacts are likely to be positive, but modest in terms of the scale of the effects. We can be more certain in that regard with respect to DEL, given its direct focus on relevant target groups such as the long-term unemployed and the young unemployed. For a variety of reasons, the outcome is less certain with respect to DETI.
142. The remaining policy areas within Departmental New TSN Action Plans provide too little information on which to base an assessment. This is despite the fact that their Action Plans focus on target groups and involve processes such as spatial targeting that have implications for community shares of resources and effort.
143. Overall, it can be said that the Departmental New TSN Action Plans pay little attention to the issue of community differentials, notwithstanding the importance of this issue for the initiative and the potential 'fair share' implications of alternative skewing strategies. In many cases, there is little or no quantitative information on target groups or the expected spatial allocation of resources. Without this information, it is virtually impossible to assess the likely implications for community differentials.

Recommendations

144. The recommendations for indicators for monitoring and evaluation reflect the above conclusions (Table 3):
 - In recognition of the critical role of processes for skewing resources within New TSN, the recommended indicators include process or input-related indicators, such as target group composition and expenditure by location, in addition to outcome indicators.
 - Reflecting the findings reported above, the outcome indicators are principally focused on the labour market. It should be noted that assessment of these indicators for the evaluation of New TSN will need to take account of factors such as deadweight, substitution and displacement.
145. There are three final points to note. First, the list of indicators is not a long one, but the data collection does pose challenges. This is particularly true in respect of the process indicators. The bulk of the unemployment and employment statistics should be available from, respectively, DEL and DETI. The former undertakes extensive monitoring of the community composition of participants. The collection of job creation data is likely to be more difficult, but the commitments exist in the DETI New TSN Action Plan.

Table 3 New TSN and community differentials: Recommended process and outcome indicators

Indicator	Data Sources/Comments
Outcomes	
<i>Unemployment</i>	
<ul style="list-style-type: none"> People moving from training or unemployment into employment, by age, duration and religion 	Principally New Deal programmes (DEL) Also programmes such as Worktrack, Bridge to Employment and Jobskills
<ul style="list-style-type: none"> Positive outcomes from EU programmes, by religion 	Positive outcomes include training and education or employment ESF monitoring data. All Departments administering ESF funds should be able to provide this information.
<i>Job creation</i>	
<ul style="list-style-type: none"> New jobs created, by location 	Primarily DETI Location data should be at Census Ward level
<ul style="list-style-type: none"> Per cent of new jobs created to which unemployed people are recruited 	DETI monitoring data
Processes/skewing	
<i>Disadvantaged areas</i>	
<ul style="list-style-type: none"> New TSN relevant expenditure disaggregated by deprived and non-deprived areas 	Implies a common spatial framework Difficult to co-ordinate EU data may be readily available from centralised system. Collection of postcodes facilitates community uptake analysis using location as a proxy indicator
<i>Target groups</i>	
<ul style="list-style-type: none"> Distribution of resources by primary target group (unemployed, children, etc) 	Ideally, this would distinguish between deprived and non-deprived areas. Will probably have to use primary target groups of projects as a proxy.

146. Second, this report has assessed the issue of spatial targeting using the Robson index, which has been superseded by the NI Measures of Deprivation, and 1991 Census of Population data. An updating of the tables showing the community mix by target group and location in deprived areas is therefore required.

147. Third, we have considered the implications of spatial targeting in the context of a restricted set of target groups, for which data were readily available. It would be extremely useful to consider also community composition by location in deprived areas of a number of other indicators such as the long-term unemployed and youth unemployment. The benefit of this is that, where a Department indicates that, say, x per cent of activities will be directed towards deprived areas, and these activities are relevant to some community differential defined for a target group, then we can, at least in qualitative terms, infer an expected impact on that community differential.

5 Evaluation Strategy

148. This final Section of the report considers the issue of evaluating the impact of New TSN on community differentials. It begins by setting some parameters for the specification of an approach to the *ex-post* evaluation of the impact of New TSN on community differentials

Parameters

149. In its response to *Partnership for Equality*, the Northern Ireland Economic Council (NIEC) posed three questions regarding community differentials in the context of New TSN:
- How are community differentials to be measured?
 - Are all community differences equally important?
 - Will policy reduce community differentials?
150. It is now possible to answer these questions based on the analysis presented in this report.

Measurement

151. Community differentials can be measured using ratios of rates or gaps, the latter being typically expressed in percentage points. Both of these measures are important and useful. First, the two measures have different implications for the evaluation of New TSN. A differential measured as a gap is relevant because, holding all other factors constant, this will change in direct proportion to the reduction in need that is achieved through some policy intervention.
152. A differential measured as a ratio of rates changes under a more restricted set of conditions. Achieving a reduction in the ratio of rates demands a policy stance that explicitly incorporates the skewing of resources towards groups and areas in greatest need. Such a policy stance does not, however, guarantee a reduction in the ratio of rates, though it is a necessary condition given the pattern of need within communities in Northern Ireland.
153. Second, ratios of rates, and their movement over time, are better indicators of differences between the two communities in their respective levels of disadvantage. For example, in the labour market context, the ratio of unemployment rates can be viewed as an indicator of Catholic disadvantage. This measure of the unemployment differential is, however, an imperfect indicator, as it is also affected by movements in the Catholic share of the labour force.

154. By contrast, the unemployment gap tends to move in concert with the overall NI unemployment rate. That is, it performs less well as an indicator of Catholic disadvantage in the labour market.

Relative importance

155. The review of community differentials in key policy areas clearly indicates the continuing importance of labour market differentials. Catholics are still less likely to be in a job and more likely to be unemployed. Further, the Catholic population exhibits a substantially higher rate of non-employment. These different labour market experiences are undoubtedly a major factor underlying the greater incidence of low income amongst Catholics.
156. In other key policy areas, differentials tend to be much less pronounced at overall population level. This includes the key areas of education, health and housing.
157. That said, it must also be recognised that progress has been made over the past decade. The Catholic share of jobs has risen steadily over the 1990s, a period that saw substantial reductions in both the employment and unemployment gaps. The analysis also suggests that Catholic disadvantage in the labour market is on a downward trend. Reflecting this, the ratio of unemployment rates appears to be falling, albeit at a relatively slow pace as the Catholic share of the labour force continues to expand.

Making a difference

158. We have also addressed the question of whether New TSN can make a difference. Based on a detailed analysis of conceptual and practical issues involved in the implementation of New TSN, and an overview of Departmental New TSN Action Plans, the conclusion drawn is that the initiative can make a difference, though this is likely to be relatively modest in the case of the ratio of unemployment rates.
159. The remainder of this summary report focuses on the specification of an evaluation strategy for assessing the difference that New TSN may have made over the Action Plan period.

Evaluation Strategy

160. Any strategy for assessing the impact and effectiveness of a policy or programme area must include at least three key components, that is:
- An **evaluation framework** or model showing **how** the policy or programme is expected to meet its objectives.
 - An **indicators framework** specifying the **data** that needs to be collected over the course of the policy or programme and at the ex post stage.

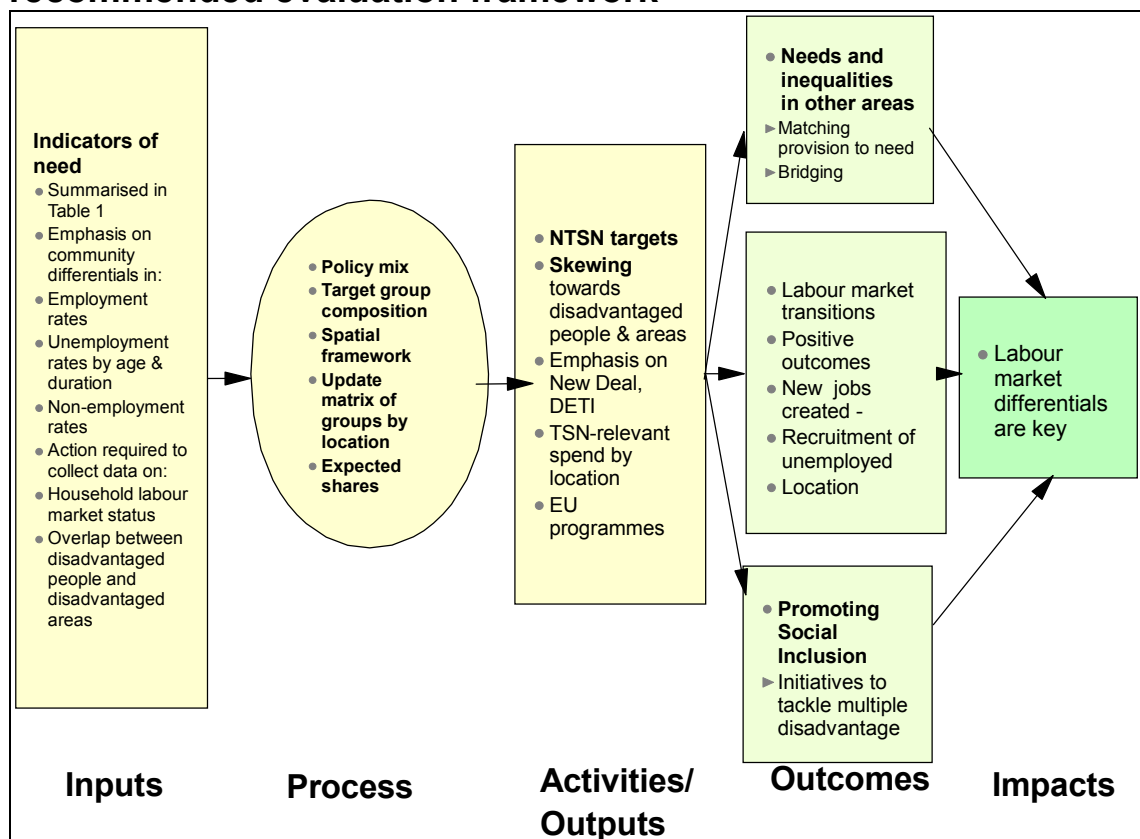
- A **research design** for the analysis of indicators with respect to the objectives of the policy or programme. In particular, the research design must pay due attention to the construction of a **base case** or counterfactual, that is, what impacts would have occurred anyway even in the absence of the policy or programme. In principle, the net impact of the policy or programme can then be assessed by comparing gross impacts with the base case.

Evaluation framework

161. Figure 1 summarises the proposed evaluation framework for the assessment of the impact of New TSN on community differentials. Reflecting New TSN’s status as a non-funded programme:

- The input side of the framework emphasises the importance of identifying indicators of need and the factors that influence differences between the communities in the incidence of the relevant indicators.
- Processes are central to the effective implementation of the initiative, to ensure the skewing of resources towards the most disadvantaged people, groups and areas.
- Outcomes are identified under the three ‘legs’ of New TSN.

Figure 1 New TSN and community differentials: Summary of recommended evaluation framework



Indicators framework

162. The key elements of an indicators framework for the assessment of New TSN impacts on community differentials are outlined as follows:
- Indicators of need. In order for New TSN to meet its objective of targeting resources more effectively on social disadvantage it is imperative to have a good understanding of the dimensions of social need so that the targeting of actions can be more effectively ‘signposted’. A draft set of key indicators is set out in Table 1 above and discussed in Section 2 of the report.
 - Where possible, baseline measures of the indicators of need are presented, drawing on various data sources. Where appropriate, recommendations are made on filling data gaps in the proposed indicators of need.
 - Activities and outputs, with particular reference to the assessment of processes for skewing resources.
 - Based on a review of Departmental New TSN Action Plans, a number of outcome indicators are identified that are especially relevant to the objective of eroding community differentials. These are set out in Table 2 above.

Research design

163. The ultimate aim of an impact assessment is to draw conclusions on the efficiency and effectiveness of a policy or programme in tackling the needs that provided the original rationale for the intervention. Ideally, what is required is some assessment of how the need would have evolved in the absence of the policy or programme (the base case), which can then be compared against the level of need that exists after the policy or programme has been implemented. This is a very difficult objective to meet and any empirical research design needs to give careful consideration to two fundamental issues:
- Specification of the base case. In general, social and economic needs are influenced by a range of factors in addition to the policy or programme of interest. For example, in Section 3 above we discussed the effect of regional macro-economic trends on the evolution of various labour market differentials, such as the unemployment gap.
 - Measurement of the ex-post situation. Even if the base case is well understood and can reasonably be specified, it may not be possible to measure the ex-post situation with the precision required to draw definitive conclusions. For example, the Labour Force Survey is a key source of information on community differentials in the labour market, but it is inevitably subject to sampling error; the confidence interval for the ratio of rates is in the region of ± 0.4 . Given the discussion in Section 4 above,

this is a margin of error that exceeds any impact that New TSN may be expected to have on the ratio of unemployment rates.

164. The evaluation strategy for New TSN will therefore need to take account of the following factors:
 - Community differentials in key policy areas reflect differences in what might be termed ‘upper-level’ indicators, that is, social needs that are themselves subject to an array of external influences.
 - The putative effects of New TSN are likely to be less than the margins of error associated with survey-based indicators.
165. This is not an unusual situation in the context of an evaluation. For example, broadly similar problems arise in the national and regional evaluation of the New Deal programme. The implication is that the evaluation strategy for New TSN will need to deploy a range of methodologies and approaches. The rationale for this is that it will be necessary to make an impact assessment based on ‘triangulation’ from a variety of sources of evidence.
166. A three-pronged approach will be needed, including:
 - Analysis of key indicators.
 - *Ad hoc* studies to more fully tease out and better understand the processes by which New TSN can positively affect community differentials.
 - Synthesis of Departmental evaluations of their New TSN Action Plans, in the context of the New TSN evaluation framework or ‘route-map’ illustrated in Figure 1 above.
167. The key objective of the analysis of key indicators is to facilitate the construction of a base case scenario at the ex-post evaluation stage.
168. Recognising the limitations of trend extrapolation based on aggregate indicators, it would be useful to supplement a trend-based analysis with more micro-level analyses.
169. The key objective of the *ad hoc* studies strand would be to provide a better understanding of the cause-and-effect relationships embodied in the New TSN route map. For example, this report makes a contribution through the analysis of policy and practice issues related to the potential effect on community differentials of skewing for New TSN purposes. Other issues have been identified in the course of the report, including differences between Catholic and Protestant economic activity rates.
170. The main objective of the synthesis strand is to provide an overall assessment of how Departmental New TSN Action plans may have contributed to the

reduction of relevant needs in their key policy areas. For example, the ongoing evaluation of New Deal should be of considerable interest from a New TSN perspective and it would be expected that this will give an indication of variations in participation and outcomes by religion.

171. To conclude, the ex-post evaluation of the New TSN impact on community differentials will undoubtedly be a challenging task. It is unlikely to provide a precise quantitative assessment for any one 'leg' of New TSN, and this should not be expected. Rather, a range of estimates is likely to result, underpinned by consideration of a variety of different data sources and research studies and qualitative and quantitative assessment of the difference made by New TSN.

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